

Brian Saxe
Testimony Before the Senate Committee on
Commerce, Science, and Transportation
July 28, 1999

Good afternoon, Senator Ashcroft and Members of the Committee. My name is Brian Saxe. I'm a federal government worker, living in Warrenton, Virginia. I would like to tell you the circumstances of devastating financial fraud perpetrated against my 81 year old mother by her neighbor, whom I'll refer to as Ernie.

Ernie was kind to my mother. He helped her with chores, visited with her, and gained her trust. After my father died, he began to ask her for various loans. At first, the requests for loan were infrequent, and the amounts he needed were small, but the amount and frequency grew over time. Each request was accompanied by a tale of dire need and assurances that she would be repaid quickly. He often gave her written promises to repay the loans and never borrow from her again. My brother and I actually intervened a few years ago, when the amounts were relatively small, and succeeded in recovering some money. However, due to his great skill at manipulation, my mother continued to loan him money. Over the course of time, she loaned over \$200,000 to him. At Ernie's suggestion, she kept this information from us.

For you to understand how this could happen, let me give you a few illustrations of his methods.

On one occasion Ernie reported that his daughter Amanda was to give a musical recital in a few days, and a scholarship depended upon her performance. Unfortunately her viola had been stolen, and Ernie needed cash to buy a replacement. He later stated that the instrument had been recovered, but he did not repay the loan.

Another time, Ernie stated that he had suffered a shoulder injury, and needed money to pay for numerous operations at the hospital on Carlyn Springs Road. He claimed he needed additional money for medicine.

He frequently claimed that his pay checks were misrouted or otherwise delayed, which prevented him from repaying his loans. He supplied elaborate details and concocted letters from employers that gave credibility to his story. In one instance, he stated that he hadn't been paid because the company pay checks had been mistakenly sent to New York. Supposedly, Ernie asked his employer to directly remit money orders to my mother's bank card accounts (all the charges of which were cash advances to Ernie; all were over the credit limit and had been frozen); to do this, Ernie needed the numbers of each account. She gave him that information. The money orders did not materialize.

On another occasion, Ernie gave my mother a letter, purportedly signed by the

President of the company he claimed to be working for, stating that Ernie's paychecks had been delayed because the son of his employer had been gravely ill. The letter stated that Ernie's overdue pay would be sent directly to Mrs. Saxe at Ernie's request in the form of a \$65,000 certified check. The letter continued by stating "we would like you to get a \$2000 cash advance on your GM credit card. Keep \$400 for your expenses and let Ernie have the rest for his hotel and Christmas." The letter was typed on plain paper rather than company letterhead. The signature of the company President appears remarkably similar to Ernie's. This ruse worked: my mother made this cash advance on December 23, 1996. The certified check never arrived.

Another time, Ernie claimed that his wife had been working in Chicago for the Chrysler Corporation, and she was to receive no paycheck until the completion of the contract. Ernie told my mother that his wife suffered a relapse of spinal meningitis. He said that, as a contract employee, his wife had no medical benefits, and he needed money for her hospitalization and medicine.

When Ernie had taken nearly all my mother's money, he told her that \$200,000 would be wired into her checking account during the first week of June, 1998. When the funds did not arrive, he initially attributed the problem to misrouting, then to computer failure. He claimed to have spoken to a Mr. Wilkinson of the Route 50 branch of NationsBank, who said that he was assured by Mr. Weems of the New York office that a wire transfer had been made. He furnished my mother with a transaction number. Throughout, he asked my mother not to discuss the matter with me or my brother, saying that once the repayment in full was made, he would borrow no more money, and no one ever needed to know. After the \$200,000 did not arrive as promised, my mother learned that he had been making regular telephone inquiries into her NationsBank checking accounts.

Through the years, he paraded my mother all over Northern Virginia to cash checks at different banks, Safeways and Giants. He even took her to Rosecroft Racetrack to cash a check, saying that it was the only place that would cash a check on a Sunday.

This routine continued so long as my mother had money in her account, which he checked regularly for the deposit of her mutual fund dividends and her pension check. Then he began asking her for cash advances against her credit cards. She loaned him a Sears card so that he could take her car for repairs (which he did), but then he kept the card and charged several thousand dollars in various merchandise. He borrowed her Penney's card because he said the store was giving free eye exams to card holders, and proceeded to charge nearly four thousand dollars in jewelry.

For using these cards without permission, and for signing the name of my deceased father, Ernie is now in jail. While the police and the Commonwealth's attorney's office investigated and attempted to put together a case, they have told me that the voluntary nature of the transactions is creating problems framing criminal charges. However,

there is no question in my mind that Ernie has been a scoundrel and a criminal, preying on a senior citizen who may well be incompetent.

Toward the end, my mother realized she was in great trouble, but she couldn't see a way out. She later told me she was afraid to make Ernie mad by refusing him another loan, because then she'd never get him to pay back all he'd already borrowed. She felt trapped. It was not until I learned about her bouncing several checks that I knew something was wrong. When I called my mother about it, she tried to hide the situation, stating that the bank's computers had been down. It was only when I pressed her that she broke down and told me what had happened.

Ernie took all the money he could. He took all the money my mother thought she had. Fortunately for our family, she had a few assets she was not aware of. When we learned of the fraud, my brother and I struggled to assess whether my mother was competent to handle her own finances. It is a terrible thing to have to confront the possibility that your mother is becoming incompetent, and for her, already deeply embarrassed by her actions, to face the further humiliation of losing power over her own finances.

My mother has not suffered severe physical effects from all this, but she continues to be embarrassed that she believed all his lies for so long. In fact, she only began to realize that Ernie was a scoundrel when she learned of his extensive criminal record. She declined to testify today, and would prefer that no one knows what happened. However, I felt that I needed to tell you her story, because I think it could happen to others.